

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature	Printed Name		License Number	

CHARTER TOWNSHIP OF YORK

REPORT ON AUDIT OF
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED MARCH 31, 2007

CHARTER TOWNSHIP OF YORK

TOWNSHIP OFFICIALS

Supervisor - Joe Zurawski
Clerk - Helen Neill
Treasurer - Sally B. Donahue

BOARD OF TRUSTEES

John Bulmer
Jane Kartje
Mike Kipley
David Potter

LEGAL COUNSEL

Reading, Etter & Lillich

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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July 25, 2007

Board of Trustees
Charter Township of York
11560 Stony Creek Road
Milan, MI 48160

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of York, as of and for the year ended March 31, 2007, which collectively comprise the Charter Township of York's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of York's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Charter Township of York, as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information on pages 7 through 11 and 37 and 40 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of York's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining and individual fund statements, have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION

AND

ANALYSIS

Management Discussion and Analysis March 31, 2007

Within this section of the Charter Township of York's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2007. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include water & sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has three kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Proprietary funds are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township's net assets at the end of the fiscal year were \$2,256,360. This is a \$181,584 increase over last year's net assets of \$2,074,776.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

	Governmental Activities		Business-type Activities		Totals	
	3/31/2007	3/31/2006	3/31/2007	3/31/2006	3/31/2007	3/31/2006
Current and other assets	\$ 1,272,730	\$ 968,716	\$ 196,595	\$ 200,317	\$ 1,469,325	\$ 1,169,033
Capital assets	659,112	529,782	595,610	610,098	1,254,722	1,139,880
Total assets	1,931,842	1,498,498	792,205	810,415	2,724,047	2,308,913
Other liabilities	297,260	51,564	6,927	8,073	304,187	59,637
Long-term liabilities			163,500	174,500	163,500	174,500
Total liabilities	297,260	51,564	170,427	182,573	467,687	234,137
Net assets:						
Invested in capital assets, net of related debt	659,112	529,782	432,110	435,598	1,091,222	965,380
Unrestricted	975,470	917,152	189,668	192,244	1,165,138	1,109,396
Total net assets	\$ 1,634,582	\$ 1,446,934	\$ 621,778	\$ 627,842	\$ 2,256,360	\$ 2,074,776

Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	3/31/2007	3/31/2006	3/31/2007	3/31/2006	3/31/2007	3/31/2006
REVENUES						
Program revenues						
Charges for services	\$ 301,357	\$ 483,214	\$ 14,044	\$ 14,475	\$ 315,401	\$ 497,689
Operating contributions	125,756				125,756	
General revenues						
State shared revenues	449,004	452,353			449,004	452,353
Property taxes	676,974	619,373			676,974	619,373
Interest income	68,161	21,135	10,114	9,829	78,275	30,964
Other	98,880	59,101			98,880	59,101
Total revenues	<u>1,720,132</u>	<u>1,635,176</u>	<u>24,158</u>	<u>24,304</u>	<u>1,744,290</u>	<u>1,659,480</u>
EXPENSES						
General government	943,495	670,146			943,495	670,146
Fire protection	256,845	214,242			256,845	214,242
Police protection	294,515	267,219			294,515	267,219
Recreation	5,290	11,137			5,290	11,137
Library	1,000	1,000			1,000	1,000
Public works	31,339	28,638			31,339	28,638
Sewer system			30,222	30,912	30,222	30,912
Total expenses	<u>1,532,484</u>	<u>1,192,382</u>	<u>30,222</u>	<u>30,912</u>	<u>1,562,706</u>	<u>1,223,294</u>
Change in net assets	187,648	442,794	(6,064)	(6,608)	181,584	436,186
Beginning net assets	<u>1,446,934</u>	<u>1,004,140</u>	<u>627,842</u>	<u>634,450</u>	<u>2,074,776</u>	<u>1,638,590</u>
Ending net assets	<u>\$ 1,634,582</u>	<u>\$ 1,446,934</u>	<u>\$ 621,778</u>	<u>\$ 627,842</u>	<u>\$ 2,256,360</u>	<u>\$ 2,074,776</u>

Again this year the Township governmental funds saw a significant increase in cash and cash equivalents. The main reasons for the increase include prepaid building inspection services by a major building site development (included in the Building Fund), receipt of a cash donation for park improvements, and increased interest income. The overall fund balance for the governmental funds increased by \$58,318.

The business-type funds reported a decrease in net assets of \$6,608. This is primarily due to the \$14,488 of depreciation incurred during the year while connection fees were non-existent.

Financial Analysis of the Township's Major Funds

The Township's General Fund had revenues over expenditures totaling \$272,814 before operating transfers of \$200,200 were made to the Public Safety Fund.

The Building Department Fund had expenditures over revenues totaling \$33,964. This fund still remains a deficit at March 31, 2007 totaling \$60,270. A deficit elimination plan will be sent to the State of Michigan detailing how the Township plans to address this deficit.

The Public Safety Fund had expenditures over revenues totaling \$184,241 before an operating transfer of \$200,200 was made from General Fund.

The Budget Stabilization fund generated \$7,830 of interest income, with no expenditures this year.

The Township's only major business-type fund the Sewer Fund showed results very similar to last year. The fund had an operating loss totaling \$8,449 for the year compared to an \$8,461 loss last year. Again this year, the loss is primarily due to \$14,488 depreciation expense and lack of new connection fees. Operating expenses in the current year of \$22,493 were slightly lower than in the previous year's \$22,936 amount.

General Fund Budgetary Highlights

The General Fund adopted its budget prior to the beginning fiscal year in accordance with Public Act 493 of 2000. The Township made amendments to the budget during the year to bring the budget closer to economic reality, and to account for revenues and expenditures related to park grants, donations and park improvements. Despite this, the total expenditures were over budget.

Capital Asset and Debt Administration

During the year, the Township acquired capital assets included in its Governmental Funds. The Township purchased land at \$48,767 and received a state grant of election equipment valued at \$17,151. In addition, the Township received donated land and made other improvements to Sandra Richardson Park valued at \$85,227. The Township did not retire any capital assets during the year ended March 31, 2007.

The only long-term debt held by the Township resides with the Township's sole business-type fund, the Sewer Fund. Bonds were issued to finance the Township's connection to a local sewage treatment system. Total principal paid during the year was \$5,500 for the year ended March 31, 2007. These bonds mature in 2042.

Economic Conditions and Future Activities

The Township is anticipating reductions in state revenue sharing for its General Fund to continue into next year due to the declining State economic environment. This reduction could be offset somewhat by the improving commercial development climate in the Township.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Charter Township of York at 11560 Stony Creek Road, Michigan 48160.

BASIC FINANCIAL
STATEMENTS

GOVERNMENT-WIDE
FINANCIAL
STATEMENTS

CHARTER TOWNSHIP OF YORK
STATEMENT OF NET ASSETS
MARCH 31, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,101,302	\$ 45,002	\$ 1,146,304
Receivables			
Taxes	27,469		27,469
Special assessments		143,937	143,937
State shared revenues	76,335		76,335
Accounts	13,410	7,656	21,066
Due from other funds	11,289		11,289
Due from others	25,861		25,861
Prepaid expenditures	17,064		17,064
Capital assets - net of depreciation	659,112	595,610	1,254,722
Total assets	1,931,842	792,205	2,724,047
<u>LIABILITIES</u>			
Accounts payable	45,539	1,427	46,966
Accrued wages	20,821		20,821
Deferred revenue	226,314		226,314
Due to others	4,586		4,586
Bonds payable			
Current portion		5,500	5,500
Non-current portion		163,500	163,500
Total liabilities	297,260	170,427	467,687
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	659,112	432,110	1,091,222
Unrestricted	975,470	189,668	1,165,138
Total net assets	\$ 1,634,582	\$ 621,778	\$ 2,256,360

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2007

Functions/Programs	Expenses	Programs Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government	\$ (936,593)	\$ 292,371	\$	\$ 67,156	\$ (577,066)	\$	\$ (577,066)
Fire protection	(256,845)	8,986			(247,859)		(247,859)
Police protection	(294,515)				(294,515)		(294,515)
Recreation	(5,290)		58,600		53,310		53,310
Library	(1,000)				(1,000)		(1,000)
Public works	(31,339)				(31,339)		(31,339)
Other	(6,902)				(6,902)		(6,902)
Total governmental activities	(1,532,484)	301,357	58,600	67,156	(1,105,371)		(1,105,371)
Business-type activities							
Sewer system	(30,222)	14,044				(16,178)	(16,178)
Total	\$ (1,562,706)	\$ 315,401	\$ 58,600	\$ 67,156	(1,105,371)	(16,178)	(1,121,549)
General revenues							
					676,974		676,974
					449,004		449,004
					68,161	10,114	78,275
					30,550		30,550
					24,000		24,000
					44,330		44,330
					1,293,019	10,114	1,303,133
					187,648	(6,064)	181,584
					1,446,934	627,842	2,074,776
					\$ 1,634,582	\$ 621,778	\$ 2,256,360

The notes are an integral part of the financial statements.

FUND
FINANCIAL
STATEMENTS

CHARTER TOWNSHIP OF YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2007

	<u>General Fund</u>	<u>Building Department Fund</u>	<u>Budget Stabilization Fund</u>
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$ 528,470	\$ 178,056	\$ 167,553
Accounts receivable - taxes	7,223		
Accounts receivable - state shared	76,335		
Accounts receivable – special assessment			
Accounts receivable - other	13,410		
Due from other funds	13,397		
Prepaid expenditures	17,064		
Due from others	25,861		
Total assets	<u>\$ 681,760</u>	<u>\$ 178,056</u>	<u>\$ 167,553</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 38,898	\$ 2,502	\$
Accrued wages	13,311	7,510	
Due to others	4,586		
Due to other funds		2,000	
Deferred revenue		226,314	
Total liabilities	56,795	238,326	
FUND BALANCE			
Unreserved			
Undesignated (deficit)	624,965	(60,270)	167,553
Total liabilities and fund balance	<u>\$ 681,760</u>	<u>\$ 178,056</u>	<u>\$ 167,553</u>

The notes are integral part of the financial statements.

Public Safety Fund	Non-major Governmental Funds	Total
\$ 191,454	\$ 35,769	\$ 1,101,302
20,246		27,469
		76,335
		13,410
		13,397
		17,064
		25,861
<u>\$ 211,700</u>	<u>\$ 35,769</u>	<u>\$ 1,274,838</u>
\$ 2,444	\$ 1,695	\$ 45,539
		20,821
		4,586
108		2,108
		226,314
2,552	1,695	299,368
209,148	34,074	975,470
<u>\$ 211,700</u>	<u>\$ 35,769</u>	<u>\$ 1,274,838</u>

CHARTER TOWNSHIP OF YORK
RECONCILIATION OF STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
MARCH 31, 2007

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 975,470
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds:		
Historical cost	\$ 889,738	
Depreciation	<u>(230,626)</u>	
Capital assets net of depreciation		<u>659,112</u>
Net assets of governmental activities		<u><u>\$ 1,634,582</u></u>

The notes are integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2007

	General Fund	Building Department Fund	Budget Stabilization Fund
REVENUES			
Taxes	\$ 316,568	\$	\$
Administrative fee	112,826		
Cable TV fees	30,550		
State shared revenues	449,004		
Fire runs			
Planning department professional fees	50,721		
License and permits		127,841	
Summer tax levy	15,935		
Metro act	6,647		
Interest income	51,876	3,775	7,830
Court fees	13,626		
Rent	24,000		
Other income	13,157	120	
Parks grant reimbursement	58,600		
Park donation	50,005		
Election grant	17,151		
	<hr/>	<hr/>	<hr/>
Total revenues	1,210,666	131,736	7,830
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
General government	817,632		
Parks and recreation	87,881		
Library	1,000		
Roads	31,339		
Building department		165,700	
Public safety - fire			
Public safety - police			
Liquor law			
Environmental			
	<hr/>	<hr/>	<hr/>
Total expenditures	937,852	165,700	
	<hr/>	<hr/>	<hr/>
Excess of revenues over (under) expenditures	272,814	(33,964)	7,830
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers (out)	(200,200)		
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(200,200)		
	<hr/>	<hr/>	<hr/>
Net change in fund balance	72,614	(33,964)	7,830
FUND BALANCE (DEFICIT), APRIL 1, 2006	552,351	(26,306)	159,723
	<hr/>	<hr/>	<hr/>
FUND BALANCE (DEFICIT), MARCH 31, 2007	\$ 624,965	\$ (60,270)	\$ 167,553
	<hr/>	<hr/>	<hr/>

The notes are an integral part of the financial statements.

Public Safety Fund	Non-major Governmental Funds	Total
\$ 344,471	\$	\$ 661,039
		112,826
		30,550
		449,004
8,986		8,986
		50,721
	983	128,824
		15,935
		6,647
2,882	1,798	68,161
		13,626
		24,000
10,780		24,057
		58,600
		50,005
		17,151
<u>367,119</u>	<u>2,781</u>	<u>1,720,132</u>
		817,632
		87,881
		1,000
		31,339
		165,700
256,845		256,845
294,515		294,515
	968	968
	5,934	5,934
<u>551,360</u>	<u>6,902</u>	<u>1,661,814</u>
(184,241)	(4,121)	58,318
200,200		200,200
		(200,200)
<u>200,200</u>		
15,959	(4,121)	58,318
<u>193,189</u>	<u>38,195</u>	<u>917,152</u>
<u>\$ 209,148</u>	<u>\$ 34,074</u>	<u>\$ 975,470</u>

CHARTER TOWNSHIP OF YORK
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2007

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	\$ 58,318
--	-----------

Governmental funds report capital outlay as expenditures.

However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense.

Capital assets obtained (Historical cost)	\$ 151,145	
Depreciation expense	<u>(21,815)</u>	
Total		<u>129,330</u>
Change in net assets of governmental activities		<u><u>\$ 187,648</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF NET ASSETS
PROPRIETARY FUND
MARCH 31, 2007

	<u>Sewer Fund</u>
 <u>ASSETS</u>	
ASSETS	
Cash and cash equivalents	\$ 45,002
Receivables	
Accounts	7,656
Special assessments	143,937
Capital assets	
Land	\$ 74,039
Sewer system	<u>579,523</u>
	653,562
Less accumulated depreciation	<u>(57,952)</u>
Capital assets, net	<u>595,610</u>
 Total assets	 <u>792,205</u>
 <u>LIABILITIES</u>	
LIABILITIES	
Accounts payable	1,427
Bonds payable	
Current	5,500
Non-current	<u>163,500</u>
 Total liabilities	 <u>170,427</u>
 <u>NET ASSETS</u>	
NET ASSETS	
Invested in capital assets net of related debt	432,110
Unrestricted	<u>189,668</u>
 Total net assets	 <u><u>\$ 621,778</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2007

OPERATING REVENUES	
Sewer billings	<u>\$ 14,044</u>
OPERATING EXPENSES	
Sewer usage	3,892
Depreciation	14,488
Insurance	1,453
Audit fees	500
Legal fees	201
Operating supplies	195
Utilities	<u>1,764</u>
Total operating expenses	<u>22,493</u>
Operating (loss)	(8,449)
NON-OPERATING REVENUES AND (EXPENSES)	
Interest income - cash and cash equivalents	1,971
Interest income - assessments	8,143
Interest expense - debt	<u>(7,729)</u>
Total non-operating revenues and (expenses)	<u>2,385</u>
Net (loss)	(6,064)
NET ASSETS, APRIL 1, 2006	<u>627,842</u>
NET ASSETS, MARCH 31, 2007	<u><u>\$ 621,778</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2007

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:

Cash from users	\$ 15,276	
Cash paid to vendors	<u>(14,650)</u>	
Net cash from operating activities		\$ 626

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED
FINANCING ACTIVITIES

Special assessment - collections	12,256	
Payment of principal on bonds	(5,500)	
Interest paid	<u>(7,729)</u>	
Net cash (used in) capital and related financing activities		(973)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on operating funds	<u>1,971</u>
-----------------------------	--------------

NET INCREASE IN CASH AND CASH EQUIVALENTS 1,624

CASH AND CASH EQUIVALENTS, APRIL 1 2006 43,378

CASH AND CASH EQUIVALENTS, MARCH 31, 2007 \$ 45,002

RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED BY (USED FOR)
OPERATING ACTIVITIES

Operating (loss)		\$ (8,449)
Adjustments to reconcile operating income to net cash from (used in) operating activities:		
Depreciation expense	\$ 14,488	
Changes in assets and liabilities		
Decrease in accounts receivable	1,233	
(Decrease) in accounts payable	<u>(6,646)</u>	
Total adjustments		<u>9,075</u>
Net cash from operating activities		<u><u>\$ 626</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
MARCH 31, 2007

	<u>Trust and Agency Fund</u>	<u>Current Tax Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
ASSETS			
Cash and equivalents	\$ 104,910	\$ 669	\$ 105,579
Due from others		1,000	1,000
	<u>104,910</u>	<u>1,669</u>	<u>106,579</u>
Total assets	<u>\$ 104,910</u>	<u>\$ 1,669</u>	<u>\$ 106,579</u>
 <u>LIABILITIES</u>			
LIABILITIES			
Due to others	\$ 95,290	\$	\$ 95,290
Due to other funds	9,620	1,669	11,289
	<u>104,910</u>	<u>1,669</u>	<u>106,579</u>
Total liabilities	<u>\$ 104,910</u>	<u>\$ 1,669</u>	<u>\$ 106,579</u>

The notes are an integral part of the financial statements.

NOTES
TO
FINANCIAL
STATEMENTS

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Township relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Township are described below.

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The Government-Wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Also, part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds, are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Building Department Fund accounts for the operations of the Township's building department. This fund's primary support is derived from revenues for licenses and permits issued.

The Public Safety Fund accounts for the contracts with Milan and Saline Fire. The funds primary support is derived from tax revenue.

The Budget Stabilization Fund accounts for an amount of General Fund fund balance transferred in.

The Township reports the following major enterprise fund:

The Sewer Fund accounts for the activities associated with operating the Township's residents connection to an area sewage treatment facility.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements.

Enterprise funds account for operations where the intent of the Township is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Township to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Township has elected for proprietary funds not to apply Financial Accounting Standards Board statements issued after November 30, 1989.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs. The Township currently maintains an agency fund to account for the monies collected and paid on behalf of developer's escrow accounts.

C. REPORTING ENTITY

In accordance with the provisions of Government Accounting Standards Board (GASB) Statement No. 39, certain other governmental organizations may be considered to be part of the reporting entity for financial statement purposes. The criteria established by GASB Statement No. 39 for the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibilities and financial accountability.

In this regard, there are no other governmental organizations associated with the Township subject of the above criteria nor are there any other governmental organizations in existence. All funds and account groups of the reporting entity are included in the general purpose financial statements as presented.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real property are considered capital assets regardless of initial cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	5 to 50 years
Utility plant	5 to 50 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 50 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

E. BUDGETS AND BUDGETARY ACCOUNTING

In accordance with the Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan, the Township annually adopts budgets on the modified accrual basis of accounting for all of the governmental fund types at the department level for the General Fund, and the fund level for the Special Revenue Funds. This is consistent with generally accepted accounting principles.

The Township adopts its budget by functional activity which is the level of classification detail at which expenditures may not legally exceed appropriations.

For the year ended March 31, 2007, expenditures exceeded appropriations in several functional activities.

F. DEPOSITS AND INVESTMENTS

The Township's cash and cash equivalents are considered to be demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Township to deposit in the accounts of federally insured banks, credit union, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, bankers acceptances, and mutual funds composed of other wise legal investments.

Investments are stated at fair value.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

G. RECEIVABLES

All receivables are reported at their net value by being reduced, where appropriate, by the estimated portion that is expected to be uncollectible.

H. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or serviced rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

I. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond March 31, 2007, are recorded as prepaid expenditures.

J. PROPERTY TAXES

The Township property tax is levied each December 1 on the assessed valuation of property located in the Township as of the preceding December 31, the lien date. Real and personal property in the Charter Township of York for the 2006 levy had a taxable value of \$352,123,400. The Township's general operating tax rate for the fiscal year was .8575 mills and the Public Safety tax rate was .9783 mills.

K. ACCRUED COMPENSATED ABSENCES

All Township employees are working on a part-time basis and, therefore, no sick time or vacation time benefits are paid to the employees.

L. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. PERSONAL PROPERTY TAX ASSESSMENTS AND APPEALS

Michigan personal property tax assessments have been based, since the 1960's, on the use of one or more of several different multiplier tables formulated by the State Tax Commission against taxpayer reported original cost, depending on the assessor's view of the average life of the personal property. The State Tax Commission has indicated that it plans to reformulate the multipliers. The State Tax Tribunal has informally indicated that once the new multipliers are approved, it may allow them to be applied retroactively in pending personal property tax appeals.

N. RISK MANAGEMENT

The Township is exposed to various risks of loss pertaining to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for these claims. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

O. CAPITALIZATION OF INTEREST

A portion of the interest cost incurred on capital projects is capitalized on assets that require a period of time for construction or to otherwise prepare them for their intended use. Such amounts are amortized over the useful lives of the assets.

P. INCOME TAXES

As a governmental agency, the Township is exempt from both federal income taxes and Michigan Single Business Tax.

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations to the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township maintains an imprest petty cash account in the amount of \$300. The Township has adopted an Investment Policy and its policy and deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 344,804	\$	\$ 344,804	\$ 344,804
Uninsured and uncollateralized	801,300	105,479	906,779	970,830
Total deposits	<u>\$ 1,146,104</u>	<u>\$ 105,479</u>	<u>\$ 1,251,583</u>	<u>\$ 1,315,634</u>

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 3 - INTERFUND BALANCES

All interfund balances are short-term in character. Interfund balances will be collected during the next reporting period. The amounts of interfund receivables and payables are as follows:

<u>Funds</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 13,397	\$
Building department		2,000
Public safety		108
Current tax collection		1,669
Trust and agency		9,620
	<hr/>	<hr/>
Totals	<u>\$ 13,397</u>	<u>\$ 13,397</u>

NOTE 4 - OTHER FINANCING SOURCES (USES)

The transfers of cash between the various funds are budgeted and reported separate from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case they are carried as assets or liabilities of the advancing or borrowing fund. The Township also records all proceeds from the issuance of debt instruments as other financing sources.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

<u>Governmental Funds</u>	Balance 4/1/06	Additions	Deletions	Balance 3/31/07
Township Hall				
Building	\$ 624,707	\$	\$	624,707
Land	32,312	48,767		81,079
Office equipment	49,239	17,151		66,390
Land improvement	32,335	85,227		117,562
Total governmental fund fixed assets	738,593	151,145		889,738
Less accumulated depreciation	(208,811)	(21,815)		(230,626)
Net book value	<u>\$ 529,782</u>	<u>\$ 129,330</u>	<u>\$</u>	<u>\$ 659,112</u>

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital over their estimated useful lives. Depreciation expense was allocated to the following activities:

General government	19,179
Parks and recreation	<u>2,636</u>
Total depreciation	<u>\$ 21,815</u>
Investment in capital assets, net of related debt at March 31, 2007	<u>\$ 659,112</u>

A summary of changes in the proprietary fund capital assets is as follows:

<u>PROPRIETARY FUND</u>	Balance 4/1/06	Additions	Deletions	Balance 3/31/07
Sewer systems	\$ 579,523	\$	\$	\$ 579,523
Land	74,039			74,039
Total proprietary fund fixed assets	653,562			653,562
Less accumulated depreciation	(43,464)	(14,488)		(57,952)
Net book value	<u>\$ 610,098</u>	<u>\$ (14,488)</u>	<u>\$</u>	<u>\$ 595,610</u>

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 6 - LONG-TERM OBLIGATIONS

The principal long-term obligations of the Township are special assessment bonds issued to finance the construction of the sewer system upgrade. Interest is charged at 4.5% with principle payments due annually and interest semi-annually until its maturity in 2042.

The Township's long-term obligations as of March 31, 2007 and transactions during the year then ended, are as follows:

<u>Enterprise Funds</u>	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/07</u>
2002 Sewer Special Assessment limited tax bonds	<u>\$ 174,500</u>	<u>\$</u>	<u>\$ 5,500</u>	<u>169,000</u>

The following is a schedule of principal and interest payments to service the long-term obligations of the Township:

	<u>Bonds Payable Enterprise Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2007 - 2008	\$ 5,500	\$ 7,482
2008 - 2009	5,500	7,234
2009 - 2010	5,500	6,986
2010 - 2011	5,500	6,739
2011 - 2016	27,500	29,983
2016 - 2021	27,500	23,795
2021 - 2026	22,500	18,170
2026 - 2031	22,500	13,108
2031 - 2036	22,500	8,045
2036 - 2041	17,500	3,545
2041 - 2043	<u>7,000</u>	<u>316</u>
Total borrowings	<u>\$ 169,000</u>	<u>\$ 125,403</u>

NOTE 7 - JOINT VENTURES

Since 1984, the Township has participated in joint ventures with both the Saline and Milan Area Fire Departments, who provide fire protection services to Township residents. The participating entities annually contribute sufficient resources to cover anticipated expenditures, which include operations and fire runs.

Complete financial statements for each joint venture may be obtained at their respective administrative offices.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

NOTE 8 - STATEMENT OF CASH FLOWS - ENTERPRISE FUND

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year. Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less. The indirect method was utilized to present cash flows from operations. The following summarizes beginning and ending cash and cash equivalents:

	<u>April 1, 2006</u>	<u>March 31, 2007</u>
Cash and cash equivalents	<u>\$ 43,378</u>	<u>\$ 45,002</u>

NOTE 9 - DEFICIT ELIMINATION PLAN

A deficit remained in the Building Department Fund for the year ended March 31, 2007. A deficit elimination plan will be filed with the State of Michigan detailing the Township's plan to address the deficit in this fund.

NOTE 10 - FEDERAL GRANT ACTIVITIES

The Charter Township of York is the recipient of a utilities services grant. According to the terms of the grant, federal funds must be used to improve/develop the Township's sewer system. The grant received is subject to financial and compliance audits by the grantors or their representatives. The audit for the year ended March 31, 2007 has not yet been completed and is subject to review.

NOTE 11 - EMPLOYEE RETIREMENT PLAN

The Township participates in a Lincoln Mutual Life Defined Contribution Retirement Plan. This is a single-employer plan for all full-time employees of the Township. The Township contributes 4.0% of participant's compensation, while an employee may elect to defer compensation up to 25%. Annual compensation used to determine the current year contribution is as of April 1, preceding the year. Contribution information is as follows:

TOTAL COVERED PAYROLL	<u>\$ 54,750</u>
EMPLOYER CONTRIBUTIONS	<u>\$ 2,166</u>
EMPLOYEE CONTRIBUTIONS	<u>\$ -0-</u>

These balances reflect contributions for the period from April 1, 2006 to March 31, 2007.

REQUIRED
SUPPLEMENTARY
INFORMATION

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2007

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 310,589	\$ 315,589	\$ 316,568	\$ 979
Administration fee	105,071	112,071	112,826	755
Cable TV fees	25,000	39,000	30,550	(8,450)
State shared revenues	441,205	451,205	449,004	(2,201)
Planning department professional fees	49,730	58,730	50,721	(8,009)
Summer tax levy	15,000	15,000	15,935	935
Metro act fees	5,000	6,500	6,647	147
Interest income	1,000	13,000	51,876	38,876
Court fees	9,000	19,000	13,626	(5,374)
Rent	24,000	24,000	24,000	
Other income	3,325	6,825	13,157	6,332
Parks grant	20,000	58,600	58,600	
Park donation		50,000	50,005	5
Election grant			17,151	17,151
Total revenues	1,008,920	1,169,520	1,210,666	41,146
EXPENDITURES	780,060	910,660	937,852	(27,192)
Excess of revenues over (under) expenditures	228,860	258,860	272,814	13,954
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(208,791)	(208,791)	(200,200)	8,591
Net change in fund balance	20,069	50,069	72,614	22,545
FUND BALANCE, APRIL 1, 2006	552,351	552,351	552,351	
FUND BALANCE, MARCH 31, 2007	\$ 572,420	\$ 602,420	\$ 624,965	\$ 22,545

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY FUND
FOR THE YEAR ENDED MARCH 31, 2007

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Property taxes	\$	\$	\$ 344,471	\$
Fire runs			8,986	
District court fines			7,776	
Alarm ordinance fees			3,004	
Interest income			2,882	
Total revenues	344,745	344,745	367,119	22,374
EXPENDITURES				
Crime control and investigation			294,515	
Milan fire			104,663	
Saline fire			152,182	
Total expenditures	553,536	553,536	551,360	2,176
Excess of revenues over (under) expenditures	(208,791)	(208,791)	(184,241)	24,550
OTHER FINANCING SOURCES (USES)				
Transfers in	208,791	208,791	200,200	(8,591)
Net change in fund balance			15,959	15,959
FUND BALANCE, APRIL 1, 2006	193,189	193,189	193,189	
FUND BALANCE, MARCH 31, 2007	\$ 193,189	\$ 193,189	\$ 209,148	\$ 15,959

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUILDING DEPARTMENT FUND
FOR THE YEAR ENDED MARCH 31, 2007

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Building permits	\$	\$	\$ 125,901	\$
Registration fees			1,940	
Interest income			3,775	
Miscellaneous income			120	
Total revenues	499,142	499,142	131,736	(367,406)
EXPENDITURES				
Salaries			101,698	
Payroll taxes			7,777	
Retirement			2,166	
Health insurance			6,195	
Rent			24,000	
Supplies			2,205	
Miscellaneous			839	
Travel and education			3,447	
Outside services			1,779	
Equipment			12,166	
Legal			1,980	
Repairs and maintenance			1,448	
Total expenditures	181,766	181,766	165,700	16,066
Net change in fund balance	317,376	317,376	(33,964)	(351,340)
FUND BALANCE (DEFICIT) APRIL 1, 2006	(26,306)	(26,306)	(26,306)	
FUND BALANCE (DEFICIT) MARCH 31, 2007	\$ 291,070	\$ 291,070	\$ (60,270)	\$ (351,340)

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET STABILIZATION FUND
FOR THE YEAR ENDED MARCH 31, 2007

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Interest	\$ 1,000	\$ 1,000	\$ 7,830	\$ 6,830
EXPENDITURES				
Net change in fund balance	1,000	1,000	7,830	6,830
FUND BALANCE, APRIL 1, 2006	159,723	159,723	159,723	
FUND BALANCE, MARCH 31, 2007	<u>\$ 160,723</u>	<u>\$ 160,723</u>	<u>\$ 167,553</u>	<u>\$ 6,830</u>

SUPPLEMENTARY
INFORMATION

COMBINING
FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF YORK
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
MARCH 31, 2007

	Building Department Fund	Liquor Law Fund	Environmental Protection Fund
<u>ASSETS</u>			
ASSETS			
Cash and equivalents	\$ 178,056	\$ 1,171	\$ 33,448
Accounts receivable taxes			
	<u>178,056</u>	<u>1,171</u>	<u>33,448</u>
Total assets	<u>\$ 178,056</u>	<u>\$ 1,171</u>	<u>\$ 33,448</u>
<u>LIABILITIES AND FUND BALANCE (DEFICIT)</u>			
LIABILITIES			
Accounts payable	\$ 2,502	\$ 85	\$ 1,610
Accrued expenses	7,510		
Due to other funds	2,000		
Deferred revenue	<u>226,314</u>		
Total liabilities	238,326	85	1,610
FUND BALANCE (DEFICIT)	<u>(60,270)</u>	<u>1,086</u>	<u>31,838</u>
Total liabilities and fund balance (deficit)	<u>\$ 178,056</u>	<u>\$ 1,171</u>	<u>\$ 33,448</u>

Public Safety Fund	Budget Stabilization Fund	Cemetery Trust Fund	Totals
\$ 191,454	\$ 167,553	\$ 1,150	\$ 572,832
20,246			20,246
<u>\$ 211,700</u>	<u>\$ 167,553</u>	<u>\$ 1,150</u>	<u>\$ 593,078</u>
\$ 2,444	\$	\$	\$ 6,641
108			7,510
			2,108
			<u>226,314</u>
2,552			242,573
209,148	167,553	1,150	350,505
<u>\$ 211,700</u>	<u>\$ 167,553</u>	<u>\$ 1,150</u>	<u>\$ 593,078</u>

CHARTER TOWNSHIP OF YORK
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
MARCH 31, 2007

	<u>Trust and Agency Fund</u>	<u>Current Tax Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
ASSETS			
Cash and equivalents	\$ 104,910	\$ 669	\$ 105,579
Due from others		1,000	1,000
Total assets	<u>\$ 104,910</u>	<u>\$ 1,669</u>	<u>\$ 106,579</u>
 <u>LIABILITIES</u>			
LIABILITIES			
Due to others	\$ 95,290	\$	\$ 95,290
Due to other funds	9,620	1,669	11,289
Total liabilities	<u>\$ 104,910</u>	<u>\$ 1,669</u>	<u>\$ 106,579</u>

CHARTER TOWNSHIP OF YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MARCH 31, 2007

	Building Department Fund	Liquor Law Fund	Environmental Protection Fund
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes	\$	\$	\$
Licenses, permits, fire funds	127,841	983	
Interest income	3,775	7	1,791
Other revenue	120		
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>131,736</u>	<u>990</u>	<u>1,791</u>
EXPENDITURES			
Building department	165,700		
Liquor law		968	
Environmental			5,934
Public safety			
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>165,700</u>	<u>968</u>	<u>5,934</u>
Excess of revenues over (under) expenditures	(33,964)	22	(4,143)
OTHER FINANCING SOURCES (USES)			
Transfer in			
	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	(33,964)	22	(4,143)
FUND BALANCE (DEFICIT) APRIL 1, 2006	<u>(26,306)</u>	<u>1,064</u>	<u>35,981</u>
FUND BALANCE (DEFICIT) MARCH 31, 2007	<u><u>\$ (60,270)</u></u>	<u><u>\$ 1,086</u></u>	<u><u>\$ 31,838</u></u>

<u>Budget Stabilization Fund</u>	<u>Public Safety Fund</u>	<u>Cemetery Trust Fund</u>	<u>Totals</u>
\$	344,471	\$	\$ 344,471
	8,986		137,810
7,830	2,882		16,285
	10,780		10,900
<u>7,830</u>	<u>367,119</u>		<u>509,466</u>
			165,700
			968
			5,934
	<u>551,360</u>		<u>551,360</u>
	<u>551,360</u>		<u>723,962</u>
7,830	(184,241)		(214,496)
	<u>200,200</u>		<u>200,200</u>
7,830	15,959		(14,296)
<u>159,723</u>	<u>193,189</u>	<u>1,150</u>	<u>364,801</u>
<u>\$ 167,553</u>	<u>\$ 209,148</u>	<u>\$ 1,150</u>	<u>\$ 350,505</u>

INDIVIDUAL
FUNDS

GENERAL
FUND

CHARTER TOWNSHIP OF YORK
GENERAL FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS

Cash and equivalents	\$	528,470
Accounts receivable - taxes		7,223
Accounts receivable - state shared revenues		76,335
Accounts receivable - other		13,410
Due from others		25,861
Prepaid expenditures		17,064
Due from other funds		13,397
		<hr/>
Total assets	\$	<u><u>681,760</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	38,898
Accrued wages		13,311
Due to others		4,586
		<hr/>

Total liabilities \$ 56,795

FUND BALANCE

Unreserved		
Undesignated		<hr/>
		624,965
		<hr/>
Total liabilities and fund balance	\$	<u><u>681,760</u></u>

CHARTER TOWNSHIP OF YORK
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 315,589	\$ 316,568	\$ 979
Administration fee	112,071	112,826	755
Cable TV fees	39,000	30,550	(8,450)
State shared revenues	451,205	449,004	(2,201)
Planning department professional fees	58,730	50,721	(8,009)
Summer tax levy	15,000	15,935	935
Metro act fees	6,500	6,647	147
Interest income	13,000	51,876	38,876
Court fees	19,000	13,626	(5,374)
Rent	24,000	24,000	
Other income	6,825	13,157	6,332
Parks grant	58,600	58,600	
Park donation	50,000	50,005	5
Election grant		17,151	17,151
Total revenues	1,169,520	1,210,666	41,146
EXPENDITURES	910,660	937,852	(27,192)
Excess (deficiency) of revenues over (under) expenditures	258,860	272,814	13,954
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(208,791)	(200,200)	8,591
Net change in fund balance	50,069	72,614	22,545
FUND BALANCE, APRIL 1, 2006	552,351	552,351	
FUND BALANCE, MARCH 31, 2007	\$ 602,420	\$ 624,965	\$ 22,545

CHARTER TOWNSHIP OF YORK
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP BOARD			
Salaries	\$	\$ 8,300	\$
Assistant wages		10,695	
Payroll taxes		1,454	
Office supplies/postage		630	
Audit fees		10,500	
Legal fees		280,653	
Printing and publishing		2,404	
Equipment rental		5,723	
Memberships and dues		5,431	
Miscellaneous		3,911	
Equipment purchases		3,857	
	<u>316,900</u>	<u>333,558</u>	<u>(16,658)</u>
TOWNSHIP SUPERVISOR			
Salary		35,000	
Assistant wages		165	
Supplies		300	
Payroll taxes		2,690	
Education and training		155	
	<u>38,800</u>	<u>38,310</u>	<u>490</u>
ELECTIONS			
Salary		11,339	
Equipment		17,151	
Payroll taxes		242	
Supplies		4,269	
Printing and publishing		951	
	<u>19,340</u>	<u>33,952</u>	<u>(14,612)</u>
ASSESSOR			
Wages		38,024	
Payroll taxes		2,909	
Supplies		4,812	
Travel		132	
Miscellaneous		50	
	<u>45,700</u>	<u>45,927</u>	<u>(227)</u>

CHARTER TOWNSHIP OF YORK
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP CLERK			
Salary		39,000	
Deputy salary		19,087	
Education and training		70	
Payroll taxes		4,444	
Operating supplies		2,097	
Outside services		3,417	
Travel		320	
	<u>68,300</u>	<u>68,435</u>	<u>(135)</u>
Total			
BOARD OF REVIEW			
Salaries		1,700	
Payroll taxes		130	
Operating supplies		218	
Printing and publishing		111	
	<u>2,475</u>	<u>2,159</u>	<u>316</u>
Total			
TOWNSHIP TREASURER			
Salary		35,000	
Deputy salary		14,207	
Payroll taxes		3,764	
Operating supplies		4,822	
Travel		116	
	<u>59,750</u>	<u>57,909</u>	<u>1,841</u>
Total			
BUILDINGS AND GROUNDS			
Contract services		5,895	
Operating supplies		3,628	
Telephone		6,698	
Utilities		12,155	
Equipment		5,545	
Repairs and maintenance		12,504	
Land Acquisition		53,509	
	<u>101,000</u>	<u>99,934</u>	<u>1,066</u>
Total			

CHARTER TOWNSHIP OF YORK
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CEMETERY UPKEEP	<u>7,500</u>	<u>6,844</u>	<u>656</u>
DEVELOPMENTAL			
Engineering consultant		19,195	
Miscellaneous		<u>9,977</u>	
Total	<u>28,000</u>	<u>29,172</u>	<u>(1,172)</u>
ZONING INSPECTION			
Salaries		31,208	
Payroll taxes		2,387	
Supplies		161	
Travel and education		<u>1,534</u>	
Total	<u>35,740</u>	<u>35,290</u>	<u>450</u>
PLANNING COMMISSION			
Salaries		10,715	
Payroll taxes		820	
Operating supplies		643	
Education and training		825	
Printing and publishing		3,037	
Professional fees - planning		<u>11,245</u>	
Total	<u>25,075</u>	<u>27,285</u>	<u>(2,210)</u>
ZONING BOARD OF APPEALS			
Per diems		555	
Payroll taxes		42	
Operating supplies		70	
Printing and publishing		<u>63</u>	
Total	<u>830</u>	<u>730</u>	<u>100</u>
DRAINS			
Repairs and maintenance	<u>5,000</u>	<u>4,713</u>	<u>287</u>
ROADS			
Roads	<u>32,000</u>	<u>31,339</u>	<u>661</u>

CHARTER TOWNSHIP OF YORK
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PARKS AND RECREATION			
Parks	<u>8,625</u>	<u>2,654</u>	<u>5,971</u>
PARK IMPROVEMENTS	<u>79,975</u>	<u>85,227</u>	<u>(5,252)</u>
HISTORICAL SOCIETY	<u>150</u>	<u></u>	<u>150</u>
LIBRARY			
Library contribution	<u>1,000</u>	<u>1,000</u>	<u></u>
UNALLOCATED			
Insurance	<u>34,500</u>	<u>33,414</u>	<u>1,086</u>
Total expenditures	<u>\$ 910,660</u>	<u>\$ 937,852</u>	<u>\$ (27,192)</u>

BUILDING
DEPARTMENT
FUND

CHARTER TOWNSHIP OF YORK
BUILDING DEPARTMENT FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS

Cash and equivalents	\$ 178,056
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LIABILITIES AND FUND BALANCE (DEFICIT)

LIABILITIES

Accounts payable	\$ 2,502
Accrued wages	7,510
Due to other funds	2,000
Deferred revenue	<u>226,314</u>

Total liabilities	\$ 238,326
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FUND BALANCE (DEFICIT)	<u>(60,270)</u>
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Total liabilities and fund balance (deficit)	<u>\$ 178,056</u>
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CHARTER TOWNSHIP OF YORK
BUILDING DEPARTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Building permits	\$	\$ 125,901	\$
Registration fees		1,940	
Interest income		3,775	
Miscellaneous income		120	
	<u>499,142</u>	<u>131,736</u>	<u>(367,406)</u>
Total revenues			
EXPENDITURES			
Salaries		101,698	
Payroll taxes		7,777	
Retirement		2,166	
Health insurance		6,195	
Rent		24,000	
Supplies		2,205	
Miscellaneous		839	
Travel and education		3,447	
Outside services		1,779	
Equipment		12,166	
Legal		1,980	
Repairs and maintenance		1,448	
	<u>181,766</u>	<u>165,700</u>	<u>16,066</u>
Total expenditures			
Net change in fund balance	317,376	(33,964)	(351,340)
FUND BALANCE (DEFICIT) APRIL 1, 2006	<u>(26,306)</u>	<u>(26,306)</u>	
FUND BALANCE (DEFICIT) MARCH 31, 2007	<u>\$ 291,070</u>	<u>\$ (60,270)</u>	<u>\$ (351,340)</u>

LIQUOR

LAW

FUND

CHARTER TOWNSHIP OF YORK
LIQUOR LAW FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS
Cash

\$ 1,171

LIABILITIES AND FUND BALANCE

LIABILITIES
Accounts payable

\$ 85

FUND BALANCE

1,086

Total liabilities and fund balance

\$ 1,171

CHARTER TOWNSHIP OF YORK
LIQUOR LAW FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State sharing	\$	\$ 983	\$
Interest		7	
Total revenues	<u>1,105</u>	<u>990</u>	<u>(115)</u>
EXPENDITURES			
Contracted services	1,020	935	
Miscellaneous		33	
Total expenditures	<u>1,020</u>	<u>968</u>	<u>52</u>
Net change in fund balance	85	22	(63)
FUND BALANCE APRIL 1, 2006	<u>1,064</u>	<u>1,064</u>	
FUND BALANCE MARCH 31, 2007	<u>\$ 1,149</u>	<u>\$ 1,086</u>	<u>\$ (63)</u>

ENVIRONMENTAL
PROTECTION
FUND

CHARTER TOWNSHIP OF YORK
ENVIRONMENTAL PROTECTION FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS

Cash and equivalents

\$ 33,448

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 1,610

FUND BALANCE

31,838

Total liabilities and fund balance

\$ 33,448

CHARTER TOWNSHIP OF YORK
ENVIRONMENTAL PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest	<u>\$ 500</u>	<u>\$ 1,791</u>	<u>\$ 1,291</u>
EXPENDITURES			
Contracted services		4,825	
Dues		<u>1,109</u>	
Total expenditures	<u>10,500</u>	<u>5,934</u>	<u>4,566</u>
Net change in fund balance	(10,000)	(4,143)	5,857
FUND BALANCE APRIL 1, 2006	<u>35,981</u>	<u>35,981</u>	
FUND BALANCE MARCH 31, 2007	<u><u>\$ 25,981</u></u>	<u><u>\$ 31,838</u></u>	<u><u>\$ 5,857</u></u>

PUBLIC SAFETY
FUND

CHARTER TOWNSHIP OF YORK
PUBLIC SAFETY FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS

Cash and equivalents	\$	191,454
Accounts receivable - taxes		<u>20,246</u>
Total assets	\$	<u><u>211,700</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	2,444
Due to other funds		<u>108</u>
Total liabilities	\$	2,552

FUND BALANCE

		<u>209,148</u>
Total liabilities and fund balance	\$	<u><u>211,700</u></u>

CHARTER TOWNSHIP OF YORK
PUBLIC SAFETY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$	\$ 344,471	\$
Fire runs		8,986	
District court fines		7,776	
Alarm ordinance fees		3,004	
Interest income		2,882	
	<u>344,745</u>	<u>367,119</u>	<u>22,374</u>
Total revenues			
EXPENDITURES			
Crime control and investigation		294,515	
Milan fire		104,663	
Saline fire		152,182	
	<u>553,536</u>	<u>551,360</u>	<u>2,176</u>
Total expenditures			
Excess of revenues over (under) expenditures	(208,791)	(184,241)	24,550
OTHER FINANCING SOURCES (USES)			
Transfer in	<u>208,791</u>	<u>200,200</u>	<u>(8,591)</u>
Net change in fund balance		15,959	15,959
FUND BALANCE APRIL 1, 2006	<u>193,189</u>	<u>193,189</u>	
FUND BALANCE MARCH 31, 2007	<u>\$ 193,189</u>	<u>\$ 209,148</u>	<u>\$ 15,959</u>

BUDGET
STABILIZATION
FUND

CHARTER TOWNSHIP OF YORK
BUDGET STABILIZATION FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS
Cash

\$ 167,553

FUND BALANCE

FUND BALANCE

\$ 167,553

CHARTER TOWNSHIP OF YORK
BUDGET STABILIZATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest	\$ 1,000	\$ 7,830	\$ 6,830
EXPENDITURES			
Net change in fund balance	1,000	7,830	6,830
FUND BALANCE APRIL 1, 2006	<u>159,723</u>	<u>159,723</u>	
FUND BALANCE MARCH 31, 2007	<u><u>\$ 160,723</u></u>	<u><u>\$ 167,553</u></u>	<u><u>\$ 6,830</u></u>

CEMETERY
TRUST
FUND

CHARTER TOWNSHIP OF YORK
CEMETERY TRUST FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS
Cash

\$ 1,150

FUND BALANCE

FUND BALANCE

\$ 1,150

CHARTER TOWNSHIP OF YORK
CEMETERY TRUST FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest	\$ 15	\$	\$ (15)
EXPENDITURES			
Maintenance			
Net change in fund balance	15		(15)
FUND BALANCE APRIL 1, 2006	<u>1,150</u>	<u>1,150</u>	
FUND BALANCE MARCH 31, 2007	<u><u>\$ 1,165</u></u>	<u><u>\$ 1,150</u></u>	<u><u>\$ (15)</u></u>

SEWER FUND

CHARTER TOWNSHIP OF YORK
SEWER FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS

Cash and equivalents	\$ 45,002
Accounts receivable billings	3,546
Special assessment receivable	143,937
Due from county	<u>4,110</u>

Total assets \$ 196,595

PROPERTY, PLANT AND EQUIPMENT

Land	74,039
Sewer system	<u>579,523</u>
	653,562
Less accumulated depreciation	<u>(57,952)</u>

Net property, plant and equipment 595,610

Total assets \$ 792,205

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$ 1,427
Bonds payable	
Current	5,500
Non-current	<u>163,500</u>

Total liabilities \$ 170,427

FUND EQUITY

Retained earnings unreserved 621,778

Total liabilities and fund equity \$ 792,205

CHARTER TOWNSHIP OF YORK
SEWER FUND
STATEMENT OF CHANGES IN FUND EQUITY
FOR THE YEAR ENDED MARCH 31, 2007

	<u>RETAINED EARNINGS UNRESERVED</u>
BALANCES AT APRIL 1, 2006	\$ 627,842
Interest income	10,114
Operating (loss)	(8,449)
Interest expense - bonds	<u>(7,729)</u>
BALANCES AT MARCH 31, 2007	<u><u>\$ 621,778</u></u>

CHARTER TOWNSHIP OF YORK
SEWER FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2007

OPERATING REVENUES

Sewer billings	\$	14,044
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OPERATING EXPENSES

Sewer usage	\$	3,892
Depreciation		14,488
Insurance		1,453
Audit fees		500
Legal fees		201
Operating supplies		195
Utilities		1,764

Total operating expenses		<u>22,493</u>
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Operating (loss)		(8,449)
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NON-OPERATING REVENUES AND (EXPENSES)

Interest income - operations		1,971
Interest income - assessments		8,143
Interest expense - debt		<u>(7,729)</u>

Total non-operating revenues and (expenses)		<u>2,385</u>
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Net (loss)	\$	<u><u>(6,064)</u></u>
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CHARTER TOWNSHIP OF YORK
SEWER FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2007

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:

Operating (loss)		\$ (8,449)
Adjustments to reconcile operating (loss) to net cash from (used in) operating activities:		
Depreciation expense	\$ 14,488	
Changes in assets and liabilities		
Decrease in accounts receivable	1,233	
(Decrease) in accounts payable	<u>(6,646)</u>	
Total adjustments		<u>9,075</u>
Net cash from operating activities		626

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES

Special assessment - collections	12,256	
Payment of principal on bonds	(5,500)	
Interest paid	<u>(7,729)</u>	
Net cash (used in) capital and related financing activities		(973)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on operating funds	<u>1,971</u>	
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NET INCREASE IN CASH AND CASH EQUIVALENTS 1,624

CASH AND CASH EQUIVALENTS, APRIL 1, 2006 43,378

CASH AND CASH EQUIVALENTS, MARCH 31, 2007 \$ 45,002

TRUST AND
AGENCY FUND

CHARTER TOWNSHIP OF YORK
TRUST AND AGENCY FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS
Cash

\$ 104,910

LIABILITIES

LIABILITIES
Due to others
Due to other funds

Total liabilities

\$ 95,290
9,620

\$ 104,910

CURRENT TAX
FUND

CHARTER TOWNSHIP OF YORK
CURRENT TAX FUND
BALANCE SHEET
MARCH 31, 2007

ASSETS

ASSETS

Cash and equivalents
Due from others

\$ 669
1,000

Total assets

\$ 1,669

LIABILITIES

LIABILITIES

Due to other funds

\$ 1,669

CHARTER TOWNSHIP OF YORK

COMMENTS
AND
RECOMMENDATIONS

FOR THE YEAR ENDED MARCH 31, 2007



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
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July 25, 2007

Board of Trustees
Charter Township of York
11560 Stony Creek Road
Milan, Michigan 48160

Honorable Board of Trustees:

In planning and performing our audit of the financial statements of the Charter Township of York for the year ended March 31, 2007, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This matter is as follows:

RECURRING COMMENT FROM PRIOR AUDIT PERIODS

- The Township may wish to consider the cost/benefit of segregating the duties in the building department.

This letter does not affect our report dated July 25, 2007 on the financial statements of the Charter Township of York.

We will review the status of this comment during our next audit engagement. We have already discussed this matter with various township personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional studies, or to assist you in implementing the recommendation.

This report is intended solely for the information and use of the Board of Trustees, and management of Charter Township of York and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

CHARTER TOWNSHIP OF YORK

R E P O R T ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

FOR THE YEAR ENDED MARCH 31, 2007

July 25, 2007

Board of Trustees
Charter Township of York
11560 Stony Creek Road
Milan, MI 48160

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of York, as of and for the year ended March 31, 2007, which collectively comprise the Charter Township of York's basic financial statements and have issued our report thereon dated July 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Charter Township of York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Township of York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter Township of York's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's or detected by the entity's internal control.

- Journal entries were required during the audit to ensure the financial statement presentation was in conformity with generally accepted accounting principals. It should be noted that a number of these journal entries were related to transactions that were unusual and infrequent in nature. The entries also include those required for the full-accrual presentation of the government-wide statements.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Township of York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Charter Township of York, in a separate letter dated July 25, 2007.

This report is intended solely for the information and use of the Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants